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Disclaimer

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Welcome!

I want to start off by welcoming you to this wonderful free resource. Consider it a gift from me to you. As Isaac Newton said, “If I have seen farther, it is by standing on the shoulders of giants.”

I would like to take this time to thank my mentors for the countless unimaginable hours spent to gain the knowledge and experience to achieve mastery in their chosen fields. From one lifelong student to another, I commend your hard work and efforts.

There are many beginning investors who get stopped in their tracks because they foolishly believe, “You’ve got to have money to make money.” I am here to tell you that this is not so. I started without cash or credit and so can you!

As I have recruited millions in cash from private investors, I’ve made a lot of mistakes along the way. The information presented within should help guide you around those mistakes.

If you have any questions about the material presented in this eBook or the power point presentation, please visit <http://mustknowinvesting.com/ask-the-expert/>.

Feel free to disperse this eBook to anyone you know who may be able to benefit from it. It could be your way of repaying me for my time spent assimilating my studies and experience into this real estate investing resource.

With Great Enthusiasm and Spirit!

Patrick Riddle

Today's HUGE OPPORTUNITY in Real Estate

If you haven't figured it out yet, it's a great time to buy! The masses think the exact opposite is true. You here all the stories in the newspaper and on television about the horrible state of the real estate market, the failing mortgage industry, and the down economy.

HELLO!!!! Opportunity is beating down your door!

The down real estate market, the state of the mortgage industry and the fact that foreclosures are at an all time high equal one big fat opportunity.

The Power of Private Money to Fund Your Deals

Talk about flexible financing . . . there's nothing else even close to compare it to. You're the boss when it comes to structuring an investment with a private lender.

You decide what kind of rate of return you are offering. You decide the time frame of the investment. You offer investment opportunities that fit your business model.

Having private investors on call gives you tremendous leverage. Not only are you able to borrow at good rates, you don't have to jump through a bunch of hoops and red tape. You can contract a deal on a Tuesday and close by Friday because you have private money on tap, ready to go when you need it for a deal. And you can base loans on a property, not on you as an individual.

As I mentioned in the welcome letter, I have made some mistakes along the way. I have put myself in positions where I had to go

back in and renegotiate with private lenders. And the result was . . . we ended up working out new terms. I don't want you to put yourself in a position like that though. Learning from an experienced pro is a great way to avoid mistakes like that.

Also, please keep in mind the responsibility that you take on when borrowing from individuals. These are not faceless banks with huge pockets and reserves. These are your everyday people trying to make a living.

Make everyone's investing experience with you all that it can be. Profitable for both you and your investor.

Who is Patrick Riddle?

I am probably not too different from you. I wanted more out of life. I knew there had to be another way. And I didn't know what that other way was until I found real estate.

I was on summer break from college when I first heard real estate was lucrative. This thought led my friends and I into uncharted territories . . . Barnes and Noble.

We bought two books, "Making Big Money Investing in Real Estate without Tenants, Banks, or Rehab Projects," and "How to Make Millions in Real Estate in Three Years with No Cash."

I couldn't believe what I was reading! It all made so much sense, and my life would never be the same.

It wasn't but 5 months later during my 4th year at Clemson University that I bought my first investment property. Shortly thereafter, I made the decision to forgo my studies at Clemson until further notice.

Almost 6 years, well over one hundred deals, and several million in private money later, I'm here to help you on your path to successfully recruiting tons of private money for your real estate deals.

One of the best suggestions I can give you is to check out <http://www.MustKnowInvesting.com> on a regular basis and subscribe to the email updates. If you want great content on creative real estate investing tips and strategies, it's all there for free. The blog is updated on a regular basis and the information comes straight from the field.

I've Discovered the Most Powerful Sales Tip Ever

First off, whether you like it or not, you're a salesman. Some people do not like to believe it, but you better get over that real quick. If you want to be successful in real estate investing, recruiting private money is just one area of the business that you need good sales skills. How about negotiating with sellers, buyers, contractors, tenants, just to name a few.

Your sales skills will affect how successful you become as a real estate investor more than anything else. PERIOD! By implementing this simple suggestion, you'll be taking a giant leap past all the ordinary real estate investors out there.

I have read hundreds of books over the last few years in subjects such as marketing, management, sales, psychology, neuro linguistic programming, entrepreneurship, etc. and have stumbled upon the most powerful sales tip ever invented! And it even seems counter intuitive at first.

My suggestion is this: Implement this simple change in your language right now! Ingest this information, decide to believe that it's true, and put it into action immediately in every area of your business.

Use Negative-Positive Language Patterns in Selling

In order to sell a product or service, the prospect must picture themselves using your product or service and gaining value out of it. The best way to get a prospect to visualize this is by using Negative-Positive Language Patterns.

When you meet with someone about your investment program, they will typically start with an unmotivated skeptical mindset. You're job is to help them picture themselves in a positive motivated buying mindset. That's when your prospect becomes a client.

One more thing real quick, and this is of utmost importance. **Your mind cannot process a negative.** If I say, "This isn't a bad investment." Your mind pictures "bad investment." The same idea if I said, "Don't think about a pink elephant." You can't help but think of it.

The example that was just used, "This isn't a bad investment," is an example of a Negative-Negative Language Pattern. The word "isn't" (Negative) and "bad" (Negative). The Negative-Negative Language Patter is the most damaging to your sales success. Since your mind cannot process a negative, you are communicating to potential clients to picture "a bad investment." NOT GOOD!

The most commonly used language patter in sales is the Positive Language Pattern. This is what most people picture when they think of a salesman. A prospect would hear things like, "It's a

secure investment. It's very safe. Our investment program is the best on the market. It's perfect for the type of investment you're looking for." The salesman only has great things to say about what he has to offer.

Using the Positive Language Pattern, now the prospect has a choice. He either pictures the positive ideas conveyed in the message or more often than not, the positive picture is a fleeting image replaced by a feeling of skepticism.

Remember, when you meet with a prospect, their mindset typically starts as unmotivated and skeptical. If you use a Positive Language Pattern, things could go either way. It's all going to depend on the level of rapport you've built with them and whether or not they trust you.

And now the most powerful sales tip ever!

How to Use Negative-Positive Language Patterns in Selling

The script written for the power point presentation has several examples of the Negative-Positive Language Pattern.

One of the sentences in the script for the first slide is, "I'm not really sure if our program will be right for you . . ."

The word "not" (negative) and "right for you" (positive). This is the Negative-Positive Language Pattern at work. You accomplish two things here.

One, it gets the prospect picturing that "your program is right for them." Don't you remember, the mind can't process a negative.

Second, it distinguishes you from all other salespeople. Never before has this prospect heard a salesman say that their product or service may not be right for them. They would think, “What makes him think it’s not right for me? I’ll be the judge of that! Who is he to disqualify me from what he has to offer? I am good enough to have it.”

You can’t **picture it being that simple and VERY EFFECTIVE**, or can you? You know, it wouldn’t surprise me if you don’t **use this technique immediately**. You probably wouldn’t **get TONS of VALUE out of it!** You aren’t **ready to step outside your comfort zone and try something new, are you?**

The Purpose of this Resource

This eBook and the accompanying power point presentation has been provided for the purpose of recruiting all the cash a real estate investor would ever need for his or her deals. The power point slides are included in this eBook. The sample script is in the notes section of the power point presentation for easy access as well.

The #1 perceived roadblock for most beginning investors is that they don’t have the money necessary to invest or don’t have the financing power to become a successful investor. I am here to tell you from experience that you can start investing in real estate without cash or credit.

Congratulations to you for taking the first step by downloading and reading this eBook.

The power point presentation is very malleable. Meaning that you will want to make some changes to the presentation to suit your specific investment program and business model

The “Investment Opportunity” (Slide 10) and “Sample Deal” (Slide 11) would probably be the top two slides that may require editing.

The following is a sample script that can be used in conjunction with the power point presentation. I would strongly advise that this script be studied and memorized. And no, you don't want to sound like a robot, but I phrase things a certain way for a reason. And that reason in this instance is recruiting tons of private money for real estate investing deals.

I have put countless hours of study to work in the design, structure, and content of this presentation. Once you have learned this content and the presentation sufficiently to say that you “know” it, you can become more flexible and develop your own style.

And by the way, the presentation is only 14 slides so as you learn it very quickly, think about all the private money that will be flowing your way soon.

One last tip, **it helps if you find a partner to learn it with**. You can role play giving each other the presentation until you've got it down. If you don't have a partner, just say it out loud to yourself. It may seem a little weird, but you'll get a tremendous amount of value out of it.



You: I'd like to thank you for meeting with me today. I appreciate it. How much time do you see us spending together today?

Private Lender: I don't know. How long does this usually take?

You: About 45 minutes. Does that work for you?

Private Lender: Sure.

You: As you know, I have some potential real estate investing opportunities that may be of interest to you. This presentation will explain the current opportunity in the real estate market, what we do and how we do it, and how that relates to you, the investor. I'm not really sure if our program will be right for you so I'll be asking you questions throughout the presentation to find out. Does that sound good?

Private Lender: Sounds good to me.



Today's Real Estate Investing Market

- It's a Buyer's Market!
- The State of the Mortgage Industry.
- Foreclosures at an All Time High.

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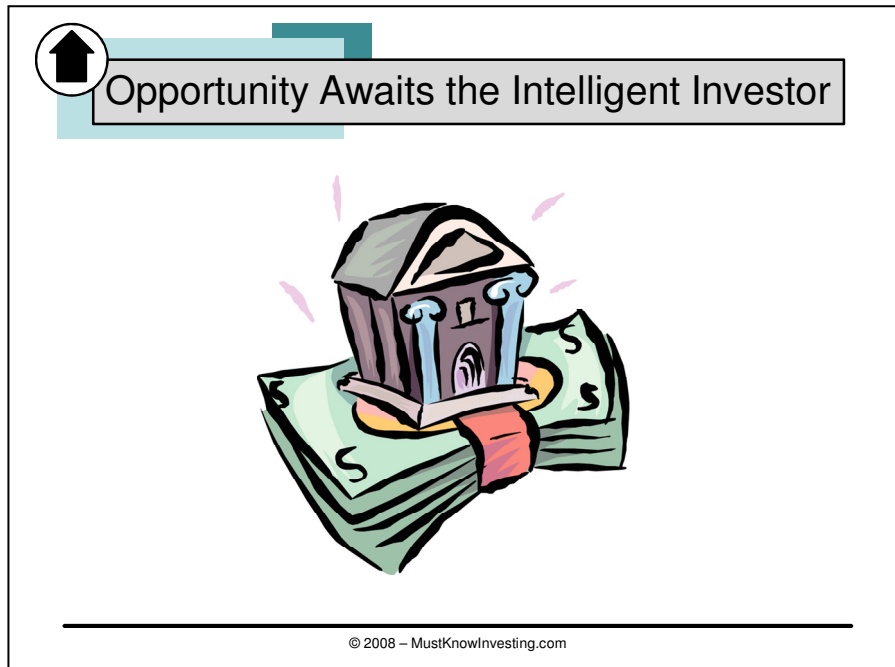
You: Great!

First, I'd like to talk about the current real estate market. There are 3 things I want to mention.

It's a buyer's market. This means that sellers are having a difficult time getting rid of their properties and allows buyers to be very picky. There are more motivated sellers now than ever, so this is an excellent time to buy property.

The state of the mortgage industry is feeding into the problem that sellers are having with their property. Many of the loans that used to be available for homeowners have been discontinued and traditional homebuyers are having a tougher time getting loans to buy properties.

And to top it all off, foreclosures are at an all time high.



You: All of this combined culminates into an incredible time to buy. Most investors do the exact opposite. They wait to invest, watch others get in early, wait to invest, wait a little longer, and then finally invest when at the peak. In a down market, we do exactly what intelligent investors do . . . buy when the time is right!

Does that all make sense?

Private Investor: Yes, it does. I hear so much about the terrible market conditions, but it doesn't sound like it's that bad for you.

You: Not at all. It's actually great for us.



Our Business Model

- Locate Motivated Sellers
- Provide Solutions Through Speed and Ease of Transaction
- Use Cash from Investors to Buy Property at Deep Discounts
- Create Win-Win-Win Scenario between Seller, Investor, and <Your Company Name>

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You: I want to explain what our business model looks like so that you have a full understanding how you, the investor, come into play.

Locate motivated sellers. As I just said, there are a ton of motivated sellers out there right now. We have several different marketing strategies that we use to find them.

Provide solutions through speed and ease of transaction. Our primary service to someone that *needs* to sell is speed, to take care of a problem property, and the ease of working with a professional home buyer.

Use cash from investors to buy property at deep discounts. Through our investors, we have the ability to make someone a cash offer and close very quickly. By providing this service, we get to buy property at a deep discount usually at about 65% of value. That means that we might pay \$65,000 for a house that's worth

\$100,000. Selling property through traditional means today can take many many months and there's no guarantee it will sell at all. So if a seller is motivated and needs to sell quickly, we are their solution.

Create win-win-win scenario between seller, investor, and <your company name>. The seller is able to sell their home quick for cash. Our investor makes a good return on their investment. And <Your Company Name> pockets the profit from the deal.

That's pretty simple, right?

Private Investor: Yep.



Why Borrow from People Like You

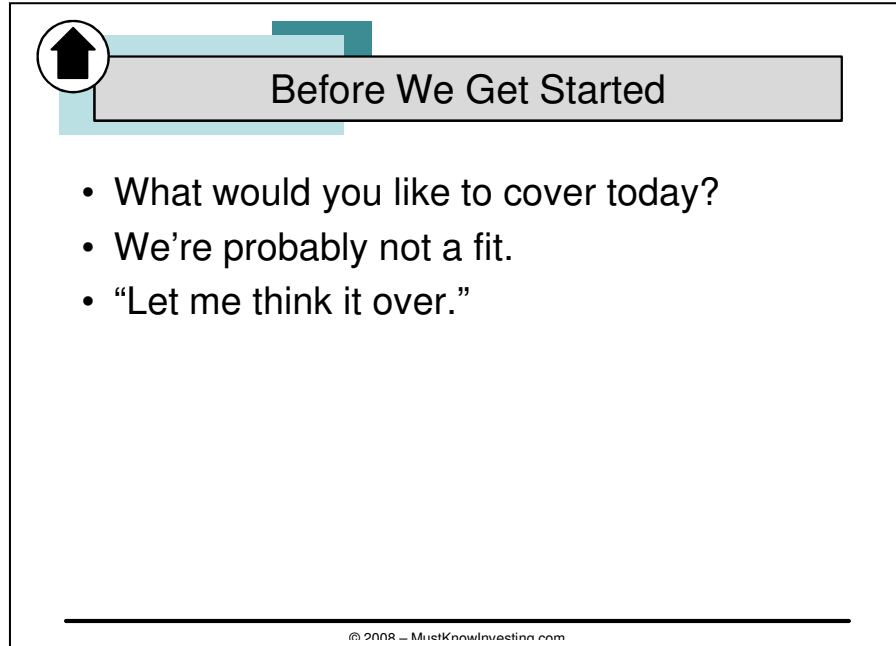
- Cash is King
- Speed to Close a Deal
- It's Like "Profit Sharing"

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You: Cash is king. Borrowing cash from private investors allows us to offer our services to sellers. We offer quick cash closings and can buy at a discount because of it.

Speed to close a deal. As I've already said, speed is our main service. We can close a deal within a week if need be.

It's like "profit sharing." We don't mind paying an investor a good rate of return because we make all the profit created in the deal. We just look at it as if we are sharing some of the profit from the deal with our investors.



Before We Get Started

- What would you like to cover today?
- We're probably not a fit.
- "Let me think it over."

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You: Before we get started, I'd like to touch on a couple things.

Let's say that the appointment is over and you're saying to yourself, "That was a great meeting . . . Really worth my time." What would we have to cover for that to happen?

Private Lender: Well, I guess I'd like to know a little more about your company, if the investment is really safe, and what return is being offered.

You: Makes sense. Most people have similar questions. If I don't answer these questions within the presentation, I'll make sure to at the end. Are you OK with that?

Private Lender: Sure.

You: I also want you to know that I may figure out that we're not a fit during the presentation. If I figure that out before you, are you OK if I tell you?

Private Investor: Yes, of course.

You: Our program is not for everyone but worst case scenario, we simply choose not to do business together right now. Doesn't really matter to us.

You know, you may figure out that we're not a fit before me, if that's the case, will you tell me?

Private Investor: Yes.

You: I really appreciate it! Sometimes people say things like, "Let me think it over" or "I'll call you next week" when they really just aren't interested. We can just figure out by the end of it if it's a no . . . not interested or if we should take the next step to get started.

Does that sound fair?

Private Investor: Yes it does.



Investor Evaluation

- What experience do you have Investing?
- Are you happy with your current investment portfolio?
- How do you think our program could help with your investment goals?
- Whether or not our program is a fit, is it important that you invest right now?

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You: Can you start out by telling me a little bit about your investing experience?

Private Investor: Sure, no problem. I've been able to save what I consider to be a good nest egg over the years but have always played it pretty safe. My Uncle Bob is a financial planner so he has managed most of my money over the years. My money is divided between the stock market, mutual funds, and CDs. I also keep around \$30,000 in my savings account for emergencies.

You: Makes sense. Well, are you happy with your current investment portfolio?

Private Investor: Like I said, I've always played it pretty safe and invested in low risk low return investments. I'm looking to invest a small portion of my funds into something that can pay a higher return.

You: How do you think our program could help with your investment goals?

Private Investor: When I heard that you were offering a 10% return to your investors, it sparked my interest. I wanted to at least find out some more info about it.

You: I understand. Whether or not our program is a fit, is it important that you invest right now?

Private Investor: I'm not in a hurry to invest but once I find the right opportunity, I plan on taking it.

You: OK



Investor Evaluation

- Are you more interested in making a quick buck or building wealth?
- Is having a regular income from the investment important to you?
- What would the right investment provide for you?

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You: Are you more interested in making a quick buck or building wealth?

Private Investor: I want to find the right investment and let it ride for awhile.

You: Is having a regular income from the investment important to you?

Private Investor: It's not necessary, but it would be nice.

You: OK, if you found the right investment, what would it provide you?

Private Investor: Even though I know higher returns bring more risk, I want a sense of security. I guess receiving a regular income would be great too.



Investor Evaluation

- How do you go about making decisions to invest?
- If you found the right opportunity, when would you want to get started?
- Who is involved in the decision making process when you invest?

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You: How do you typically go about making decisions to invest?

Private Investor: I have always trusted my Uncles judgment with my investments. But it's usually a gut feeling. It either feels good or it doesn't.

You: So, if you found the right opportunity, and you got that gut feeling . . . It feels good, when would you want to get started?

Private Investor: Now. I would want to go ahead and invest.

You: OK.

Who is involved in the decision making process when you invest? I know you mentioned that you are single but it sounds like your Uncle has been helping you over the years.


Private Investor: Just me.

You: You mentioned always trusting your Uncle's judgment. I want you to know that this isn't really a traditional investment. If you do end up passing it by your Uncle, he may not think it's the best decision for you.

Private Investor: I appreciate it but it's my decision to invest my money how I see fit.

You: I understand. So if you found the right opportunity, you would just make the decision to invest yourself?

Private Investor: Yeah.



Investment Opportunity

- Investing Range - \$25K to \$250K
- Time Frames:
 - Short Term – 6 to 12 months
 - Long Term – 1 to 5 years
- Annualized Rate of Return – 10%
- Payment Terms
 - Regular Interest Payment
 - Interest Accrued

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You: This is how our investment opportunities are structured.

Someone can invest with us with as little as \$25,000 on up to a couple hundred thousand. It's typically set up for as short as 6 months to as long as 5 years.

The investment offers a 10% annualized return.

As far as payment terms, we can set you up for regular payments (monthly, quarterly, or annual), or we can just let the interest accrue.

Private Investor: I can choose whatever is best for me?

You: Doesn't really matter to us, whatever fits your investment goals best.



Sample Deal

- 1976 Beechnut St.
- Bank owned property was purchased for \$99K.
- Private investor lent \$140K to pay for purchase, renovation, and holding costs.
- Property Appraised for \$210K after renovation.
- At 10% for 6 months, investor would earn \$7,000.00



Appraisal	\$210K
Mortgage	- \$140K
Interest Earned	- \$7K
Equity	\$63K

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You: This is a sample deal to show you exactly how our program works. This is a property we purchased last December. The bank just wanted to dump the house and get it off their books. We made a cash offer to the bank, no contingencies, close in 2 weeks, and they accepted \$99,000.

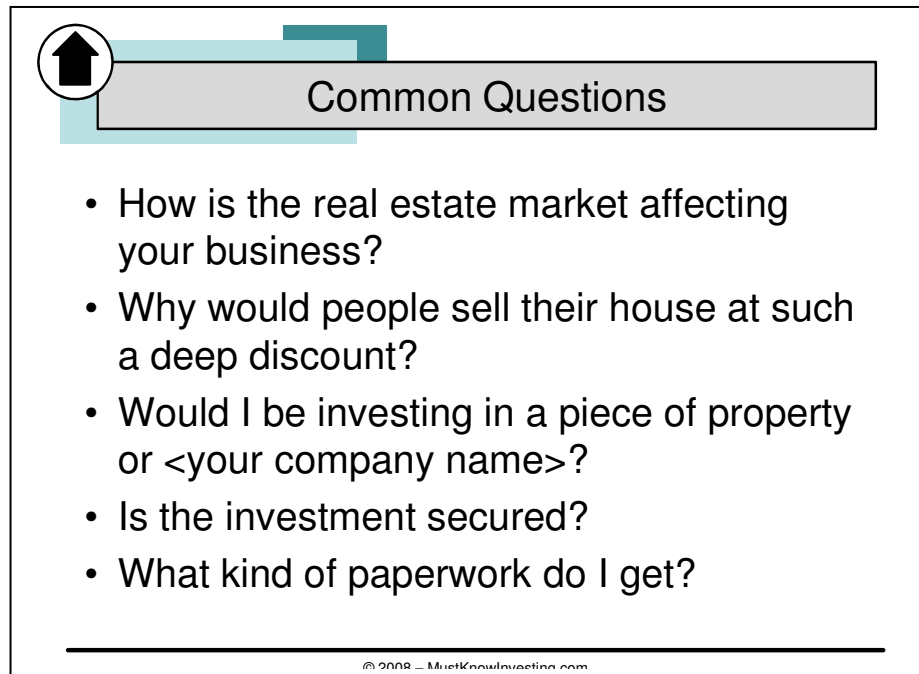
We borrowed money from a private investor to pay for the purchase price, the renovation, and holding costs associated with the deal. After our renovation, the property appraised at \$210,000.


At 10% over a six month period, the investor would earn \$7,000. And as you can see, we were able to create plenty of profit in the deal for us.

Ultimately, all we do is buy low and sell high. It's a pretty simple business model.

Does all of that make sense?

Private Investor: It makes sense to me.



 Common Questions

- How is the real estate market affecting your business?
- Why would people sell their house at such a deep discount?
- Would I be investing in a piece of property or <your company name>?
- Is the investment secured?
- What kind of paperwork do I get?

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You: Now, I'm going to answer some common questions that people have.

How is the real estate market affecting your business? As I covered earlier, it's actually a great time to buy. As long as each deal is structured so that we don't have to sell a property, we will be in good shape. Anyone that counts on selling property right now, may put themselves in a compromising position.

Why would people sell their house at such a deep discount? There are many reasons people sell their houses to people like us. A few examples would be job loss, divorce, bankruptcy, foreclosure, just to name a few. A lot of the time, money is not the most important thing to the motivated seller. Peace of mind is.

Would I be investing in a piece of property or <your company name>? You would be investing in a particular property.

Is the investment secured? Yes, you are secured the same way a bank secures itself when they lend money.

What kind of paperwork do I get? You get a note and a mortgage just like a bank. The note spells out the terms of the investment and the mortgage secures your investment on a specific piece of property.



Common Questions

- Can I invest from my IRA?
- I have equity in my home, could I use that to invest in your program?
- Most of my money is in the stock market but I don't want to sell right now, how could I invest with you?
- What about taxes? How is this going to affect my taxable income?

You: Can I invest from my IRA? You didn't mention that you had an IRA but just so you know, sometimes you can invest IRA funds.

Private Investor: That's interesting.

You: I have equity in my home, could I use that to invest in your program? Sounds like you have funds readily available to invest if you find the right opportunity. If someone wanted to though, they could get an equity line and invest that money into our program. They would just make the difference between what they pay in interest to borrow the money and what we pay.

Most of my money is in the stock market but I don't want to sell right now, how could I invest with you? Same scenario here. If someone wanted to, they could use their stock as collateral for a loan and invest that money with us.

What about taxes? How is this going to affect my taxable income? Interest income is treated just like ordinary income. I would advise speaking with your accountant for further information. You only

pay taxes on the interest income received in any year. If the investment accrued interest rather than having regular payments, you would not be taxed on those earnings until you actually received them.

Does that all makes sense?

Private Investor: Yes. And I think you've answered all of my questions.

Next Steps

- Define Investment Details
 - Amount Investing
 - Time Frame
 - Payment Terms
- Position Funds for Availability
- Receive Investor Paperwork Package
- Deliver Funds for Closing

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You: Not saying you're interested, but here are the next steps that one would take if so.

Private Investor: I want to get started with you. This makes sense to me. Can we go ahead and define the details?

You: Sure! What range do you see yourself investing? And, what kind of time frame would be best for you?

Private Investor: I would like to invest \$50,000 and I how about if we start with a one year term.

You: You mentioned that regular payments may be of interest to you. Do you want monthly, quarterly, or annual payments?

Private Investor: I would prefer monthly.

You: OK. Are the funds in a position where you can just write a check or is there a time frame associated with accessing them?

Private Investor: I just cashed out one of my CDs recently so the money is actually just sitting in my checking account.

You: We have a couple deals that we are preparing to close soon. Let me look into it and find out when the funds would need to be delivered by.

We will have the paperwork drawn up for you and ready to go.

Does that work for you?

Private Investor: Works for me!

You: Great! Well again, thanks for meeting with me today. I will be in touch soon.

Now What?

You know there is a HUGE OPPORTUNITY in real estate right now. You know the advantages of using private money to fund your deals and have a presentation to show to potential investors.

This is the point where most people's dreams of having an endless supply of private money come to an end. Why, you might ask?

When most people embark on a new idea, they start with high expectations and an extremely low level of commitment. These are the people that after "giving it a try," whatever that means, run around telling everybody that it doesn't work.

And here's the secret . . . **It's only going to work if you do!**

Action Plan to Recruit Your First Investor

1. Decide Today to Recruit Private Money for Your Real Estate Deals

Make the decision that it WILL happen. This will involve setting a series of goals. Set a goal for signing up your first investor. Then, set a goal for your first appointment. I don't care if you have no clue who your first prospect would be. The important thing is setting the goal.

2. Study the Power Point Presentation

I highly recommend finding a partner to learn this material. An easy way to learn is to role play with your partner. If you don't have one, go to the local real estate investing association. There will be plenty of hungry investors looking to learn everything they can. More important than anything

though is to get started, ready or not! Set your first appointment and do the best you can.

3. **Fail Forward**

You only fail at something when you quit trying. If you adhere to # 1 above, you'll have your first private lender on board in no time.

Thanks and Happy Investing!

Just like anything in life, recruiting private money for your real estate deals is not easy. But, I started doing it when I was 22 and didn't have an awesome resource like this.

The questions you need to ask yourself are:

Am I willing to do whatever it takes?

Am I willing to be uncomfortable?

Am I willing to ask for what I want?

Have I made a decision that it will happen as opposed to merely hoping or wishing to become excellent at recruiting private money?

The choice is yours.

I regularly update <http://www.MustKnowInvesting.com> with real world creative real estate investing tips and strategies. Stop by some time and let me know how I can help further.

Thank you so much for your attention and . . .

Happy Investing!

A handwritten signature in black ink that reads "Patrick Riddle". The letters are stylized and cursive.

Patrick Riddle
Investor, Author, and Mentor

P.S. Would you find value in being able to contact a real estate investing expert any time you have a question? If so, [click here](#).



Appendix A Suggested Reading

If you've made it this far, I'm going to assume that I do not have to espouse the benefits of reading.

As Carnegie said, "A man's reading program should be as carefully planned as his daily diet, for that is the food without which he cannot grow mentally."

Real Estate

- Making Big Money in Real Estate without Tenants, Banks or Rehab Projects, by Peter Conti and David Finkel
- Making Big Money Investing in Foreclosures without Cash or Credit, by Peter Conti and David Finkel
- [The Advantage of Real Estate](#), by Yours Truly (yes, this is a shameless self promotion) but also a good book. It covers many different areas of investing from different perspectives.

Personal/Business Development

- The E-myth Revisited, by Michael Gerber
- No B.S. Time Management for Entrepreneurs, by Dan Kennedy
- Think and Grow Rich, by Napoleon Hill
- How to Win Friends and Influence People, by Dale Carnegie
- Rich Dad Poor Dad, by Robert Kiyosaki
- Unlimited Power, by Tony Robbins
- Maximum Achievement, by Brian Tracy
- Unlimited Wealth, by Paul Zayne Pilzer

Check out my expanded [Recommend Reading List](#).

Appendix B Sample Paperwork

Notice: This free paperwork is provided for general informational purposes. Before you utilize any legal form, you should have it reviewed by a lawyer in your jurisdiction to be sure that it meets your legal needs, and will be held valid by a court in the jurisdiction where you reside.

In other words, we do not suggest using these forms without expert advice. This is not the paperwork that I use in my business. I found these examples on the internet.

Sample Promissory Note

On this date of [DATE], in return for valuable consideration received, the undersigned borrower[s] jointly and severally promise to pay to [LENDER'S NAME], the "Lender", the sum of \$[DOLLARS] Dollars, together with interest thereon at the rate of [RATE] percent ([RATE]%) per annum.

[Select from the following provisions, as desired]

Terms of Repayment: This loan shall be repaid under the following terms: [describe terms]. All payments shall be first applied to interest and the balance to principal.

Terms of Repayment (Periodic Payment): Starting on [DATE] and continuing until the principal balance of this Note and any accrued interest have been repaid in full, on the [DATE] day of each month the borrowers shall pay the amount of \$[AMOUNT]. All payments shall be first applied to interest and the balance to principal.

Terms of Repayment (Balloon): Starting on [DATE] and continuing thereafter from month to month until the date of [DATE2], the borrowers shall make payments of interest only in the amount of \$[AMOUNT]. On [DATE2], final payment is due in the amount of \$[BALANCE].

Payable On Demand: The entire unpaid principal and accrued interest thereon, if any, shall become immediately due and payable on demand by the holder of this Note.

Late Fees: In the event that a payment due under this Note is not made within ten (10) days of the time set forth herein, the Borrower shall pay an additional late fee in the amount of \$[AMOUNT].

Late Fees: In the event that a payment due under this Note is not made within ten (10) days of the time set forth herein, the Borrower shall pay an additional late fee in the amount of [PERCENT] percent of said payment.

Place of Payment - all payments due under this note shall be made at [DESIGNATED LOCATION], or at such other place as the holder of this Note may designate in writing.

Prepayment - This Note may be prepaid in whole or in part at any time without premium or penalty. All prepayments shall first be applied to interest, and then to principal payments in the order of their maturity.

Default - In the event of default, the borrower[s] agree to pay all costs and expenses incurred by the Lender, including all reasonable attorney fees (including both hourly and contingent attorney fees as permitted by law) for the collection of this Note upon default, and including reasonable collection charges (including, where consistent with industry practices, a collection charge set as a percentage of the outstanding balance of this Note) should collection be referred to a collection agency.

Acceleration of Debt - In the event that the borrower[s] fail to make any payment due under the terms of this Note, or breach any condition relating to any security, security agreement, note, mortgage or lien granted as collateral security for this Note, seeks relief under the Bankruptcy Code, or suffers an involuntary petition in bankruptcy or receivership not vacated within thirty (30) days, the entire balance of this Note and any interest accrued thereon shall be immediately due and payable to the holder of this Note.

Joint and Several Liability - All borrowers identified in this Note shall be jointly and severally liable for any debts secured by this Note.

Modification - No modification or waiver of any of the terms of this Agreement shall be allowed unless by written agreement signed by both parties. No waiver of any breach or default hereunder shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

Transfer of the Note - The borrowers hereby waive any notice of the transfer of this Note by the Lender or by any subsequent holder of this Note, agree to remain bound by the terms of this Note subsequent to any transfer, and agree that the terms of this Note may be fully enforced by any subsequent holder of this Note.

Severability of Provisions - In the event that any portion of this Note is deemed unenforceable, all other provisions of this Note shall remain in full force and effect.

Choice of Law - All terms and conditions of this Note shall be interpreted under the laws of [*JURISDICTION*].

Signed Under Penalty of Perjury, this [*DATE*] day of [*MONTH*], [*YEAR*],

Borrower(s)

[*Note- each borrower should sign separately.*]

Signed in the presence of:

Witness

[*Note- the lender may not be a witness. If more than one witness is used, each should sign separately.*]

Sample Mortgage

This Mortgage is made by [*list name of person(s) mortgaging the property*], an individual with an address of [*list address of mortgagor*], being married, ("Mortgagor"), to [*list name of person receiving the mortgage*], an individual with an address of [*list address of mortgagee*], ("Mortgagee").

Mortgagor is indebted to Mortgagee in the principal sum of \$[*e.g. 50,000.00*], with interest at the rate of [*e.g. 10.00*] percent per year, payable as provided in a certain [*e.g. promissory note or bond*] dated [*date instrument was signed*]. The terms and conditions of such [*e.g. promissory note or bond*] are incorporated herein by reference.

Therefore, to secure the payment of the above indebtedness, Mortgagor hereby mortgages and conveys to Mortgagee all the following real estate:

[*list exact legal description of property*]

Subject to: [*list any encumbrances the mortgage will be "subject to," e.g. first mortgage, etc.*]

Subject to all valid easements, rights of way, covenants, conditions, reservations and restrictions of record, if any.

To have and to hold the same, together with all the buildings, improvements and appurtenances belonging thereto, if any, to the Mortgagee and Mortgagee's heirs, successors and assigns forever.

Mortgagor covenants with Mortgagee that:

1. Mortgagor will promptly pay the above indebtedness when due;
2. Mortgagor will promptly pay and discharge all real estate taxes, assessments and charges assessed upon the property when due, and in default thereof, Mortgagee may pay the same and such amounts will also be secured by this Mortgage;
3. Mortgagor will keep the buildings and improvements on the property, if any, insured against loss by fire and other casualty in the name of Mortgagee in such an amount and with such company as shall be acceptable to Mortgagee, and in default thereof, Mortgagee may effect such insurance and such amounts will also be secured by this Mortgage;
4. Mortgagor will neither make nor permit any waste upon the property and will maintain the property and any improvements in good repair;
5. Mortgagor will not remove or demolish any building or improvement on the property without the consent of Mortgagee;
6. If Mortgagor shall sell, convey or transfer, voluntarily or involuntarily, all or any interest in the above property, Mortgagee may, at its option, declare the entire indebtedness secured hereby to be immediately due and payable;
7. Mortgagor hereby assigns to Mortgagee all rents and profits of the property, if any, as additional security for the above indebtedness;
8. Mortgagee shall be entitled to the appointment of a receiver in any action to foreclose this Mortgage; and
9. Mortgagor will warrant and defend the title to the property against the lawful claims and demands of all persons.

If any payment required under such [*e.g. promissory note or bond*] is not paid when due, or if default shall be made by Mortgagor in the performance of any agreement, term or condition of this Mortgage or such [*e.g. promissory note or bond*], Mortgagee may, at its option, declare the entire indebtedness secured hereby to be immediately due and payable and may enforce payment of such indebtedness by foreclosure of this Mortgage or otherwise, in the manner provided by law. Mortgagor shall pay all costs and expenses, including reasonable attorney's fees, incurred by Mortgagee by reason of Mortgagor's default.

Provided, however, that if Mortgagor shall pay the above indebtedness and faithfully perform all agreements, terms and conditions of this Mortgage and such [*e.g. promissory note or bond*], then this Mortgage shall be null and void.

The rights and remedies of Mortgagee herein are cumulative, not exclusive, and are in addition to all other rights and remedies available to Mortgagee at law or equity. Failure of Mortgagee to exercise any right or remedy at any time shall not be a waiver of the right to exercise any right or remedy on any future occasion.

If any provision of this Mortgage shall be invalid or unenforceable, the remaining provisions shall remain in full force and effect.

I, *[list name of mortgagor's spouse]*, of *[list address of mortgagor's spouse]*, spouse of *[list name of person(s) mortgaging the property]*, in consideration of the above sum and other good and valuable consideration received, do hereby waive and release to Mortgagee all rights of dower, curtesy, homestead, community property, and all other right, title and interest, if any, in and to the above property.

This Mortgage is made upon the STATUTORY CONDITION, for any breach of which Mortgagee will have the STATUTORY POWER OF SALE, if existing under applicable law.

IN WITNESS WHEREOF, this Mortgage is executed under seal on

the _____ day of _____, 19____.

Signed, sealed and delivered

in the presence of:

_____ (Seal)

(Signature of witness) *[list name of person(s) mortgaging the property]*

(Signature of witness)

_____ (Seal)

[list name of mortgagor's spouse]

STATE OF _____

COUNTY OF _____

In _____, on the _____ day of _____, 19____, before me, a Notary Public in and for the above state and county, personally appeared *[list name of person(s) mortgaging the property]*, known to me or proved to be the person named in

and who executed the foregoing instrument, and being first duly sworn, such person acknowledged that he or she executed said instrument for the purposes therein contained as his or her free and voluntary act and deed.

NOTARY PUBLIC

My Commission Expires: _____

(SEAL)

STATE OF _____

COUNTY OF _____

In _____, on the _____ day of _____, 19____, before me, a Notary Public in and for the above state and county, personally appeared [*list name of mortgagor's spouse*], known to me or proved to be the person named in and who executed the foregoing instrument, and being first duly sworn, such person acknowledged that he or she executed said instrument for the purposes therein contained as his or her free and voluntary act and deed.

NOTARY PUBLIC

My Commission Expires: _____

(SEAL)

This Mortgage was prepared by: _____

_____.

After recording, return to: _____

_____.

Sample Deed of Trust

PREPARED BY: _____

RETURN TO:

PROPERTY ADDRESS: _____

DEED OF TRUST

STATE OF NORTH CAROLINA

COUNTY OF _____

This Deed of Trust, executed this ___ day of _____, 20____, by and between _____ **[if the Borrower is married, Borrower’s spouse must also execute this Deed of Trust]**, (“Borrower”); _____ **[enter the name of the Trustee]** (“Trustee”); and _____ **[Enter name and address of local government for notices]**, (“Lender”).

WITNESSETH:

THAT WHEREAS, the Lender agrees to advance to the Borrower the sum of _____ Dollars (\$_____) (the “Loan”), evidenced by the Promissory Note (“Note”) from the Borrower to the Lender dated the same date as this Deed of Trust, which together with any amounts advanced to protect the security of this Deed of Trust shall be the total amount secured;

AND WHEREAS, it has been agreed that the Loan will be advanced subject to the terms and conditions for repayment and use of the property as set forth in the Note and this Deed of Trust. If not paid sooner, and absent any event of default, the Loan shall be cancelled in full on that date **ten (10) years** from the date hereof;

AND WHEREAS, it has been agreed that the Loan shall be secured by the conveyance of the land described in this Deed of Trust;

NOW, THEREFORE, in consideration of the premises and for TEN DOLLARS (10.00) paid by the Trustee, the receipt of which is hereby acknowledged, the Borrower has bargained and sold by these presents does bargain, sell and convey unto the Trustee, and the Trustee’s heirs, successors and assigns, the premises in _____ County, North Carolina, described as follows, together with all heating, plumbing and lighting fixtures and equipment now or hereafter attached to or used in connection with the premises (the “Property”):

See **Exhibit A**, attached hereto and incorporated herein by reference

TO HAVE AND TO HOLD the Property, with all privileges and appurtenances thereunto belonging to the Trustee, the Trustee's heirs, successors and assigns forever, upon the trust, terms and conditions and for the uses set forth in this Deed of Trust.

If there shall be any default in any of the terms, covenants or conditions of the Note, the terms of which are made a part of this Deed of Trust and incorporated by reference, or any failure or neglect to comply to the satisfaction of the Lender with the covenants, terms or conditions contained in this Deed of Trust, then, and in any such events, if the default is not made good within the time period set out to cure such default, or if none is set out within thirty (30) days, the Note shall, at the option of and upon demand of the Lender, at once become due and payable, and it shall be lawful for and the duty of the Trustee, upon request of the Lender, to sell the Property at public auction for cash, after having first given such notice of hearings as to commencement of foreclosure proceedings and obtained findings or leave of court as may be then required by law and giving notice of and advertising the time and place of sale in the manner as may be then provided by law, and upon sale and any resale and upon compliance with the law then relating to foreclosure proceedings to convey title to the purchaser in fee simple. The proceeds of the sale, after the Trustee retains the Trustee's commission, shall be applied to the costs of sale, the amount due on the Loan and otherwise as required by the then existing law relating to foreclosures. The Trustee's commission shall be five percent (5%) of the gross proceeds of the sale.

The Borrower does hereby covenant and agree with the Trustee and Lender as follows:

1. **TAXES, ASSESSMENTS, CHARGES.** Borrower shall pay all taxes, assessments and charges as may be lawfully levied against the Property before the same shall become past due. In the event that the Borrower fails to pay all taxes, assessments and charges as required, then the Lender at is option may pay them and the amount paid shall be added to the Note secured by this Deed of Trust and shall be due and payable upon demand of the Lender.
2. **WASTE.** The Borrower covenants that the Borrower will keep the Property in good order, repair and condition, reasonable wear and tear excepted, and that the Borrower will not commit or permit any waste on the Property.
3. **WARRANTIES.** Borrower covenants with Trustee and Lender that the Borrower is seized of the Property in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that the Borrower will warrant and defend the title against the lawful claims of all persons whomsoever, except that title to the Property is subject to the following exceptions:

See **Exhibit B**, attached hereto and incorporated herein by reference

4. **SUBSTITUTION OF TRUSTEE.** Borrower and Trustee covenant and agree that in case the Trustee, or any successor trustee, shall die, become incapable of acting, renounce this trust, or for other similar or dissimilar reason become unacceptable to the Lender, or if the Lender desires to replace the Trustee, then the Lender may appoint, in writing, a substitute trustee to take the place of the Trustee; and upon the probate and registration of the writing, the substitute trustee thus appointed shall succeed to all the rights, powers, duties and obligations of the Trustee.
5. **CIVIL ACTIONS.** In the event that the Trustee is named as a party in any civil action as trustee in this Deed of Trust, the Trustee shall be entitled to employ an attorney at law, including himself if he is a licensed attorney, to represent him in said action, and the reasonable attorney's fees of the Trustee in such action shall be paid by the Lender and added to the Note and secured by this Deed of Trust, and shall be due and payable by Borrower upon demand of the Lender.
6. **OTHER LIENS.** Default, after any applicable notice and cure therein, under the terms of any instrument secured by a lien on the Property shall constitute default under this Deed of Trust without any further right to notice and cure.
7. **SUBORDINATION.** Any subordination of this lien to any other debts, liens, encumbrances or obligations shall be only upon the prior written consent of the Lender, which may be given or withheld in the Lender's sole discretion.
8. **RIGHT TO INSPECT.** To assure and protect its right in this Deed of Trust and the Property, the Lender shall have the right of access to and inspection of the Property at reasonable times and with reasonable notice to the Borrower.
9. **CONDEMNATION.** If the Property, or any part of the Property, is condemned under any power of eminent domain, or acquired for public use, the damages, proceeds and the consideration for such acquisition, to the extent of the full amount of the indebtedness under this Deed of Trust and the Note remaining unpaid, are hereby assigned by the Borrower to the Lender to be applied by the Lender on account of the indebtedness.
10. **WAIVER OF DEFAULT.** No sale of the Property and no forbearance on the part of the Lender and no extension of the time for the repayment of the debt secured hereby given by the Lender shall operate to release, discharge, modify, change, or affect the original liability of the Borrower either in whole or in part. The Lender can, in its complete discretion, waive any default, and can waive by written instrument, in advance, any individual action which might constitute a default.
11. **TRANSFER OR MISUSE OF THE PROPERTY.** Borrower shall be in default without any notice or right to cure and Lender shall require immediate payment in full of all sums secured by this Deed of Trust if all or any part of the Property, or

any interest therein, is sold or transferred by Borrower, whether voluntary or involuntary, or by operation of law without Lender's prior written consent, which may be withheld in Lenders sole discretion. During Borrower's life, the Property must be occupied by the Borrower as his or her principal residence, unless Borrower's health does not permit the Borrower to occupy the Property as his or her principal residence. The Property may not be used or maintained as rental property under any circumstances.

12. NOTICES. Any notice to Borrower provided for in this Deed of Trust shall be given by delivering it or mailing it by first class mail. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any address Lender designates by notice to Borrower. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given as provided in this section.

13. INSURANCE. Borrower shall keep the Property and all improvements on the Property, now or hereafter erected, constantly insured for the benefit of the Lender against loss by fire, windstorm and such other casualties and contingencies, in a manner and with companies and for such amounts, not less than the amount necessary to pay the sum secured by this Deed of Trust, and as may be satisfactory to the Lender. Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods as may be required by the Lender. Borrower shall purchase such insurance, pay all premiums therefore, and shall deliver to Lender such policies along with evidence of premium payment as long as the Note secured hereby remains unpaid. All insurance policies and renewals shall be held by Lender and have attached a loss payable clause in favor of the Lender. In the event of loss, Borrower shall give immediate notice by mail to Lender. If the Borrower fails to pay any premium at least ten (10) days before it is past due or deliver said policies along with evidence of payment of premiums thereon, then the Lender, at its option, may purchase such insurance. Such amounts paid by Lender shall be added to the Note, secured by this Deed of Trust, and shall be due and payable by Borrower upon demand of the Lender.

14. ACCELERATION IN THE CASE OF BORROWER'S INSOLVENCY. If Borrower shall voluntarily file a petition under the Federal Bankruptcy Act, or under any Federal statute relating to bankruptcy, insolvency, arrangements or reorganizations, or under any state bankruptcy or insolvency act, or otherwise admits insolvency or is adjudged insolvent, or a receiver is appointed for Borrower or the Property, then Lender may, at Lender's option, declare all of the sums secured by this instrument to be immediately due and payable without prior notice to Borrower without any right to cure. Any attorney's fees and other expenses incurred by Lender in connection with Borrower's bankruptcy shall be an additional indebtedness of Borrower secured by this Deed of Trust.

15. HAZARDOUS MATERIALS. Borrower warrants that:

- (i) The Property shall be kept free of Hazardous Materials.
- (ii) Borrower shall not permit the installation, generation, transportation or release of Hazardous Materials in or on the Property.
- (iii) Borrower shall at all times comply with all applicable Environmental Laws affecting the Property and shall keep the Property free and clear of any liens imposed pursuant to any Environmental Laws.
- (iv) Borrower shall immediately give the Lender oral and written notice in the event that Borrower knows of a violation of these warrants or receives any notice from any governmental agency or other party with regard to Hazardous Materials affecting the Property.

Borrower hereby agrees to indemnify Lender and hold Lender harmless from any losses, liabilities, damages, injuries (including but not limited to attorney's fees), and claims incurred or suffered by or asserted against Lender, as a direct or indirect result of any warranty or representation made by Borrower in this paragraph (Hazardous Materials) being false or untrue in any material respect.

For purposes of this Deed of Trust, "Hazardous Material" means petroleum products, any flammable explosives, radioactive materials, asbestos or any material containing asbestos, and/or any hazardous, toxic or dangerous waste, defined as such in the Environmental Laws.

For purposes of this Deed of Trust, "Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act, the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, any "Superfund" law, or any other federal, state or local law relating to standards of conduct concerning any petroleum products, any flammable explosives, radioactive materials, asbestos or any material containing asbestos, and/or hazardous, toxic or dangerous waste.

16. GOVERNING LAW. This Deed of Trust is to be governed and construed in accordance with the laws of the State of North Carolina.

17. FUTURE ADVANCES (Check if applicable). If this paragraph is checked, this Deed of Trust is given wholly or partially to secure future obligations which may be incurred hereunder pursuant to the provisions of Sections 45-67, et seq., of the North Carolina General Statutes; the amount of present obligations secured hereunder is _____ and ___/100 Dollars (\$_____); the maximum amount (including present as well as future advances) to be advanced hereunder shall not exceed the face amount of the Note, provided such future obligations are incurred not later than ten (10) years after the date of the Note; **[in no case more than ten years from the date of the Note]**; and no execution of a written instrument or notation shall be necessary to evidence or secure any future advances made hereunder.

IN TESTIMONY WHEREOF, the Borrower(s) has (have) executed this instrument under seal on the date first above written.

BORROWER(S):

(SEAL)

TYPED NAME

(SEAL)

TYPED NAME

NORTH CAROLINA

_____ COUNTY

I, _____, a Notary Public of said County and State do hereby certify that _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notary seal, this the _____ day of _____, 20__.

Notary Public _____

(Affix notary seal)

My Commission Expires: _____

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